



Senate

General Assembly

File No. 409

February Session, 2018

Substitute Senate Bill No. 503

Senate, April 10, 2018

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist. and SEN. MCLACHLAN, M. of the 24th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT REQUIRING APPROVAL OF STATE AGENCY SETTLEMENT
AND NONDISCLOSURE PAYMENTS AND AGREEMENTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2018*) (a) For the purposes of
2 this section, "state agency" means any department, board, council,
3 commission, institution or other executive branch agency of state
4 government, including, but not limited to, each constituent unit and
5 each public institution of higher education. On and after October 1,
6 2018, no state agency shall make any payment of one hundred
7 thousand dollars or more to an employee resigning or retiring from
8 employment with such state agency for the purpose of avoiding costs
9 associated with potential litigation or pursuant to a nondisclosure
10 agreement unless such payment and agreement has been approved by
11 the Attorney General in accordance with subsection (b) of this section.

12 (b) On and after October 1, 2018, each state agency shall submit
13 notice of all proposed payments and agreements described in

14 subsection (a) of this section to the Attorney General for approval at
 15 least thirty days prior to making any such payment or entering into
 16 any such agreement. The Attorney General shall draft a summary of
 17 the Attorney General's decision concerning such payment or
 18 agreement, explaining the basis for his or her approval or disapproval
 19 of such payment and agreement. The Attorney General shall give
 20 notice electronically to the state agency of his or her decision to
 21 approve or disapprove the proposed payment or agreement, in whole
 22 or in part, not later than thirty calendar days after receipt. If the
 23 Attorney General disapproves such payment or agreement, the agency
 24 shall renegotiate such payment or agreement and submit the revised
 25 payment or agreement to the Attorney General not later than fifteen
 26 days after receipt of such disapproval.

27 (c) Not later than fifteen days after the Attorney General gives the
 28 state agency notice of his or her decision, the Attorney General shall
 29 submit, in accordance with the provisions of section 11-4a of the
 30 general statutes, an electronic copy of the summary of the decision
 31 prepared pursuant to subsection (b) of this section, to the speaker of
 32 the House of Representatives; the president pro tempore of the Senate;
 33 the majority leader of the House of Representatives; the majority
 34 leader of the Senate; the minority leader of the House of
 35 Representatives; the minority leader of the Senate and the joint
 36 standing committees of the General Assembly having cognizance of
 37 matters relating to government administration and relating to the state
 38 agency that is the subject of such decision.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2018	New section
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Statement of Legislative Commissioners:

In Section 1(a), a reference to Subsec. (c) was deleted for accuracy.

GAE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Various State Agencies	Various - Uncertain

Note: Various=Various

Municipal Impact: None

Explanation

The bill would require certain state agencies to get approval from the Office of Attorney General prior to making severance or settlement payments greater than \$100,000 to resigning or retiring employees. The fiscal impact of the bill is uncertain.

There is potential for either increased or decreased costs dependent on many factors specific to possible future agreements. For example, settlements that otherwise would have been for more than \$100,000 that were either disapproved by the Attorney General and renegotiated for a lesser sum, or those agreements that paid out less than \$100,000 to avoid the review requirements of the bill, would represent decreased costs to the state. However, there may also be instances where settlements cannot be agreed upon and the state faces potentially higher costs of litigation.

The Out Years

The potential competing ongoing fiscal impacts identified above would continue into the future dependent on the terms of individual settlements.

OLR Bill Analysis**sSB 503****AN ACT REQUIRING APPROVAL OF STATE AGENCY SETTLEMENT AND NONDISCLOSURE PAYMENTS AND AGREEMENTS.****SUMMARY**

Beginning on October 1, 2018, this bill prohibits executive branch agencies, boards, councils, commissions, and institutions, including the constituent units of higher education, from making a payment of \$100,000 or more to a departing employee to avoid litigation costs or pursuant to a nondisclosure agreement unless it has been approved by the attorney general.

Under the bill, the employing state agency must submit such proposed payments or agreements to the attorney general for approval at least 30 days prior to their execution. The bill requires the attorney general, within 30 days after receipt, to (1) draft a summary of his or her decision and (2) electronically notify the agency of the decision. The agency must renegotiate any disapproved agreement or payment and re-submit a revised agreement or payment within 15 days of receipt of the disapproval.

The bill also requires the attorney general, within 15 days after notifying the agency of his or her decision, to send an electronic copy of the decision summary to the six legislative leaders, the Government Administration and Elections Committee, and the employing agency's committee of cognizance.

EFFECTIVE DATE: October 1, 2018

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/23/2018)